

Executive Summary

Description of the Development

Lost River Development's proposed development consists of a 50,000 square foot nautically themed casino and entertainment facility, a fine dining restaurant, casual buffet, coffee shop or deli, two cocktail bars along with a gift shop offering logo merchandise from the casino, the two historic hotels and the Railway Museum. In addition, Lost River Development will develop a high-tech movie theater, a state-of-the-art bowling center, and up to 50,000 square feet of retail development to promote the economic revitalization of Orange County, West Baden and French Lick. In the event Lost River Development is awarded the casino contract and the casino is located next to the West Baden Springs Hotel, affiliates of Lost River Development are willing to commit an additional \$25 million to the refurbishment of the hotel rooms in the West Baden Springs Hotel.

Lost River Development and its affiliates expect a rapid phased expansion and addition of the following:

- Casino expansion
- Additional gaming devices
- New restaurants
- More retail development
- Additional entertainment venues
- New championship golf course and PGA sponsored pro learning center
- Town homes
- Apartment homes
- Interval ownership condominiums
- Additional hotel rooms
- New or expanded convention space
- New or expanded corporate meeting space

At opening the casino will include approximately 900 slot machines of various denominations and 24 table games offering roulette, craps, blackjack and other novelty games such as 3 Card Poker and Let It Ride for a total of over 1,000 gaming positions. As the gaming market develops, Lost River is committed to adding additional slot machines and has designed the facility to comfortably accommodate up to 1,200 slot machines and 30 table games.

Lost River Development will complement and help preserve West Baden and French Lick's architecturally unique and historic valley by using its significant architectural and development experience to blend the "new" with the "old". The Town of French Lick, a new promenade and the State Road 56 corridor through the valley will provide the opportunity for future expansion of retail and other economic development.

Lost River Development fully expects that well over \$100 million will be invested over the course of the project's development.

Casino Locations

The West Baden Springs Hotel and the French Lick Springs Resort and Spa Site are the preferred sites for the Casino. These sites and the synergy between the hotels and the casino will be the economic development engine to ensure the future of Orange County, West Baden and French Lick. The West Baden Springs Site is designated on the Site Plan attached. The French Lick Springs Site is to the right of the front entrance of the French Lick Springs Resort and Spa.

Economic Benefits to the Local Communities

Gaming and Admission Tax Revenues to Local Communities. Lost River Development projects that local share of gaming and admissions taxes that the local communities will receive at \$13 to \$20 million.

Community Infrastructure. Lost River will provide grant money and financing for the infrastructure improvements, including, without limitation, the sewage treatment facility, the State Road 56 Corridor, a promenade, public safety and other community improvement projects.

Adjusted Gross Revenue Sharing. In addition to the annual gaming and admissions tax revenues described above, Lost River will pay to an Economic Development Foundation established by the Historic Hotel Preservation Commission an annual payment of \$750,000 to \$5,000,000 based on a percentage of adjusted gross revenue of the casino.

Employment Impact of the Casino

Direct Local Employment Impact – The Casino will be one of the largest employers in Orange County with an estimated 550 full-time employees with a total payroll and benefits of approximately \$14 million in its first year of operation, exclusive of the potential West Baden Springs Hotel, bowling center, movie theater and retail development. The employee policies of the Casino include giving priority to employing local residents and promoting employees from within the organization. The Casino purchasing priorities will be structured to award business to Orange County merchants provided they are within 5% of the lowest bid for such business.

Direct Construction Impact - Lost River Development anticipates that in excess of 250 full-time construction employees will be employed during the construction period with an estimated payroll of \$6.25 million, exclusive of any ancillary developments. The potential redevelopment of the West Baden Hotel would result in an additional estimated 440 full-time construction employees being employed during the construction period with an estimated payroll of \$11 million. Lost River has signed a Project Labor Agreement agreeing to use union labor on the construction of the casino.

Casino and Tax Revenues and Tax Locations

Lost River Development projects that the casino will generate the greatest casino revenue estimated at between \$75 to \$100 million. Total annual gaming related tax receipts are estimated at \$15 to \$22.5 million. Total annual admissions of 900,000 to 1,200,000 and annual admissions tax receipts are estimated at \$3.6 to \$4.8 million.